

Message Text

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PAGE 01 BRUSSE 14443 251646Z
ACTION EUR-12

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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 8046
INFO ALL EC CAPITALS
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UNCLAS BRUSSELS 14443

USEEC

PASS AGRICULTURE ELECTRONICALLY
PARIS ALSO FOR USOECD
GENEVA ALSO FOR USMTN

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: GUNDELACH AND OTHERS ON EC AGRICULTURAL SPENDING

REF: EC A-256

1. EC COMMISSIONER FOR AGRICULTURE GUNDELACH WAS CRITICIZED DURING THE JULY 18 EC BUDGET COUNCIL BY UK TREASURY SECRETARY JOEL BARNETT FOR THE OVERALL SIZE OF THE FEOGA BUDGET AND THE PORTION OF THE BUDGET DEVOTED TO SUPPORT MEASURES. BARNETT ALSO CRITICIZED EC AGRICULTURAL MINISTERS FOR COMMITTING THEIR GOVERNMENTS TO AGRICULTURAL EXPENDITURES THAT EXCEEDED THE LIMITS SET BY THE MEMBER STATES' FINANCE MINISTERS. EC COMMISSIONER FOR BUDGETS CHRISTOPHER TUGENDHAT CRITICIZED EC AGRICULTURAL MINISTERS AT THE SAME COUNCIL SESSION FOR APPROVING LARGER EC FARM
UNCLASSIFIED

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PAGE 02 BRUSSE 14443 251646Z

EXPENDITURES THAN DESIRED BY THE COMMISSION.

2. DURING A PRESS CONFERENCE AT PETERBOROUGH, ENGLAND ON JULY 19, AT THE EAST OF ENGLAND AGRICULTURAL SHOW, GUNDELACH REPLIED IN PARTICULAR TO BARNETT'S CRITICISMS. HE REJECTED CEILINGS ON FEOGA EXPENDITURES AS "IMPRACTICAL" BECAUSE THE INHERENT RIGIDITY OF CEILINGS WOULD INTERFERE

WITH THE ABILITY OF THE CAP TO COPE WITH FLUCTUATIONS IN PRODUCTION, MARKET PRICES AND EXCHANGE RATES. HE REJECTED CRITICISMS OF THE SIZE OF FEOGA BUDGET, WHICH AMOUNTS TO ONLY A SMALL PERCENTAGE OF THE NATIONAL BUDGETS OF THE MEMBER STATES. MOREOVER, HE SAID, FEOGA'S CRITICS DO NOT TAKE INTO CONSIDERATION THE LARGE EXPENDITURES FOR REGIONAL PROJECTS, WHICH HAVE IMPORTANT SOCIAL AND OTHER BENEFITS.

3. GUNDELACH CHARACTERIZED CRITICISMS OF THE COMMON AGRICULTURAL POLICY FOR ITS CONTRIBUTIONS TO SURPLUSES AS UNFAIR BECAUSE SUCH CRITICISM IGNORES IMPORTANT ADVANTAGES THAT DERIVE FROM THE CAP, SUCH AS SECURITY OF SUPPLIES AND STABLE CONSUMER PRICES. THE COMMUNITY CANNOT AFFORD TO REDUCE ITS AGRICULTURAL PRODUCTION AND INCREASE IMPORTS FROM THE WORLD MARKET WITHOUT MATERIALLY AFFECTING THESE ADVANTAGES, HE SAID.

4. IN THE WAKE OF UK CRITICISM OF FEOGA EXPENDITURES DURING THE RECENT BREMEN SUMMIT, HOWEVER, SOME COMMISSION SOURCES BELIEVE THE COMMISSION INTENDS TO DRAFT PROPOSALS TO THE COUNCIL FOR REDUCING FARM SURPLUSES AND FOR CONTINUING TO HOLD FUTURE SUPPORT PRICES IN CHECK. HINTON

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